

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

PARK AVENUE CONSULTING GROUP, INC.,

Plaintiff,

ATTORNEY'S AFFIDAVIT

v.

NEWGOLD INC. AND FIRSTGOLD CORP.,

Civ. No. 08 Civ. 1850 (CM) (GWG)

Defendants.

STATE OF NEW YORK)
) ss.:
COUNTY OF ERIE)

J. MICHAEL LENNON, ESQ., being duly sworn, deposes and says:

1. I am an attorney licensed to practice law in the State of New York, and am associated with the law firm Blair & Roach, LLP, attorneys for Defendants Newgold Inc. and Firstgold Corp. (collectively, "Defendants"), in the above-captioned action. As such, I am personally familiar with the facts set forth in this Affidavit.

2. I make this Affidavit in opposition to Plaintiff Park Avenue Consulting Group, Inc.'s ("Plaintiff") motion to strike the affirmative defenses interposed by Defendants in their Answer.

3. Plaintiff commenced this action, which sounds in breach of contract and seeks monetary damages, by filing of a Summons with Notice in New York State Supreme Court, New York County, on or about November 29, 2007.

4. Plaintiff served the Summons with Notice on Defendants in January 2008. Shortly thereafter, Defendants removed this action to this Court on diversity grounds. A copy of the Notice of Removal is attached to the Declaration of David F. Filler, dated April 30, 2008 ("Filler Declaration") as Exhibit 2.

5. On March 7, 2008, Defendants served a Demand for a Complaint on counsel for Plaintiff. A copy of the Demand for Complaint is attached to the Filler Declaration as Exhibit 3.

6. Plaintiff then served its Complaint on defense counsel on or about March 26, 2008. A copy of Plaintiff's Complaint is attached to the Filler Declaration as Exhibit 4.

7. On April 15, 2008, Defendants e-filed an Answer with this Court. A copy of Defendants' Answer is attached to the Filler Declaration as Exhibit 5.

8. Thereafter, on May 5, 2008, Defendants e-filed an Amended Answer with Counterclaim. A copy of Defendants' Amended Answer with Counterclaim is attached hereto as **Exhibit A**.

9. Both Defendants' Answer and Amended Answer contain a short and plain statement of the following seven affirmative defenses: (1) failure to state a claim; (2) laches; (3) failure to mitigate; (4) statute of limitations; (5) documentary evidence; (6) unclean hands; and (7) lack of personal jurisdiction.

10. The instant motion seeks to strike all of Defendants' affirmative defenses, or, in the alternative, the affirmative defenses of laches, statute of limitations, unclean hands and lack of personal jurisdiction.

11. Other than the exchange of Initial Disclosures pursuant to Fed.R.Civ.P. Rule 26(a)(1), no discovery has taken place in this matter to date.

s/ J. Michael Lennon
J. Michael Lennon

Sworn to before me this
14th day of May, 2008.

s/ Tammy L. Nelson
Notary Public

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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Defendants.

**AMENDED ANSWER
WITH COUNTERCLAIM**

Civ. No. 08 Civ. 1850 (CM) (GWG)

Defendants Newgold Inc. and Firstgold Corp. (collectively, “Defendants”), as and for their Amended Answer to the Complaint herein, state as follows:

1. Deny the allegations contained in paragraphs 1, 3, 9, 12, 17, 19, 20, 21, 22, 23, 24, 25, 27, 28, 29, 31, 32, 33, 34, 36, 37, 39, 40, 41, 42, 43, 44, 45, 46, 47, 49, 50, 52, 53, 54, 55, 56, 58, 59 and 60.

2. Lack knowledge or information sufficient to form a belief as to the allegations contained in paragraphs 2, 6, 7, 8, 15 and 16.

3. With respect to paragraph 4, admit that counsel for Defendants served a Demand for Complaint upon counsel for Plaintiff by first class mail on or about March 7, 2008, and lack knowledge or information sufficient to form a belief as to the remaining allegations contained therein.

4. With respect to paragraph 5, admit that Firstgold Corp. has an office at 3108 Ponte Morino Drive, Suite 210, Cameron Park, CA 95642, and lack knowledge or information sufficient to form a belief as to the remaining allegations contained therein.

5. With respect to paragraph 10, admit that this matter was removed to federal court on diversity grounds, and deny the remaining allegations contained therein.

6. With respect to paragraphs 11 and 14, because the allegations state legal conclusions, no response is required. To the extent a response is required, Defendants deny the allegations contained therein.

7. With respect to paragraphs 13, 18, 26 and 35, aver that the documents speak for themselves, and deny the remaining allegations contained therein.

8. Deny each and every other allegation not specifically heretofore either admitted or denied.

AS AND FOR A FIRST DEFENSE

9. The complaint fails to state a claim upon which relief can be granted.

AS AND FOR A SECOND DEFENSE

10. Plaintiff is guilty of such laches as bars maintenance of this action against Defendants.

AS AND FOR A THIRD DEFENSE

11. Plaintiff's damages, if any, were caused by their own failure to take reasonable actions to avoid and/or mitigate its alleged damages.

AS AND FOR A FOURTH DEFENSE

12. This action is barred by the applicable statute of limitations.

AS AND FOR A FIFTH DEFENSE

13. Documentary evidence establishes a complete defense to Plaintiff's claims.

AS AND FOR A SIXTH DEFENSE

14. Plaintiff seeks the aid of equity with unclean hands.

AS AND FOR A SEVENTH DEFENSE

15. The court does not have personal jurisdiction over Defendants.

AS AND FOR A COUNTERCLAIM AGAINST PLAINTIFF

16. Defendant Newgold, Inc. (“Newgold”) is a corporation organized under the laws of the State of Delaware that amended its Certificate of Incorporation to change its name from “Newgold, Inc.” to “Firstgold, Corp.” in or about December 2006.

17. Defendant Firstgold Corp. (“Firstgold”), is a corporation organized under the laws of the State of Delaware, formerly known as “Newgold, Inc.”, with a principal place of business located at 3108 Ponte Morino Drive, Suite 210, Cameron Park, CA 95642.

18. Upon information and belief, Plaintiff Park Avenue Consulting Group, Inc. (“Park Avenue”) is a corporation organized under the laws of the State of New York.

19. On or about September 1, 2000, Newgold executed a Retainer Agreement (“Agreement”) with Park Avenue, a copy of which is attached to Plaintiff’s Complaint in this matter.

20. On or about February 8, 2001, an Addendum to the Agreement (“Addendum”) was executed by Newgold and Park Avenue, a copy of which is attached to Plaintiff’s Complaint in this matter.

21. Pursuant to paragraph 3 of the Agreement, Park Avenue agreed to perform services for Newgold as described in paragraph 3 of the Agreement.

22. Upon information and belief, Park Avenue failed to perform services for Newgold as described in paragraph 3 of the Agreement.

23. By failing to perform services for Newgold as described in paragraph 3 of the Agreement, Park Avenue breached the express terms of the Agreement and Addendum.

24. As a result of Park Avenue's breach of the Agreement and Addendum, Newgold has suffered damages in an amount at least equal to the damages claimed by Park Avenue against Defendants in the Complaint.

WHEREFORE, Defendants respectfully requests an Order:

- a. Dismissing Plaintiff's complaint against Defendants, with prejudice;
- b. Granting Defendants the costs and disbursements of this action;
- c. Granting Defendants judgment against Plaintiff on the Counterclaim; and
- d. Granting Defendants such other and further relief as this Court deems just and proper.

Dated: Tonawanda, New York
May 5, 2008

BLAIR & ROACH, LLP

By: s/ John N. Blair
John N. Blair, Esq.
J. Michael Lennon, Esq.
Attorneys for Defendants
2645 Sheridan Drive
Tonawanda, New York 14150
(716) 834-9181
jnblair@blair-roach.com
jmlennon@blair-roach.com

TO: LEVEY, FILLER, RODRIGUEZ KELSO &
DEBIANCHI, LLP
David F. Filler, Esq., of counsel
Attorneys for Plaintiff
41-26 27th Street, Suite 3D
Long Island City, New York 11101-3825
Telephone: (718) 340-3614
Dfiller@dlz.mailstreet.com

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Defendants.

CERTIFICATE OF SERVICE

I hereby certify that on May 5, 2008, I electronically filed the foregoing with the Clerk of the District Court using the CM/ECF system, which sent notification of such filing to the following:

And, I hereby certify that I have mailed by the United States Postal Service the document to the following non-CM/ECF participants:

David F. Filler, Esq., of counsel
LEVEY, FILLER, RODRIGUEZ KELSO &
DEBIANCHI, LLP
Attorneys for Plaintiff
41-26 27th Street, Suite 3D
Long Island City, New York 11101-3825
Dfiller@dlz.mailstreet.com

BLAIR & ROACH, LLP

By: s/ John N. Blair
John N. Blair, Esq.
J. Michael Lennon, Esq.
Attorneys for Defendant
2645 Sheridan Drive
Tonawanda, New York 14150
(716) 834-9181
jnblair@blair-roach.com
jmlennon@blair-roach.com

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Defendants.

CERTIFICATE OF SERVICE

I hereby certify that on May 14, 2008, I electronically filed the foregoing with the Clerk of the District Court using the CM/ECF system, which sent notification of such filing to the following:

David F. Filler, Esq., of counsel
LEVEY, FILLER, RODRIGUEZ KELSO &
DEBIANCHI, LLP
Attorneys for Plaintiff
41-26 27th Street, Suite 3D
Long Island City, New York 11101-3825
dfiller@dlz.mailstreet.com

BLAIR & ROACH, LLP

By: s/ J. Michael Lennon
John N. Blair, Esq.
J. Michael Lennon, Esq.
Attorneys for Defendant
2645 Sheridan Drive
Tonawanda, New York 14150
(716) 834-9181
jnblair@blair-roach.com
jmlennon@blair-roach.com